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Teachers'  
Pension Plan  
Board

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# **S**URVIVOR BENEFITS

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PLANNING AND CHOICES FOR THE FUTURE



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## How to reach us

Ontario Teachers' Pension Plan Board  
5650 Yonge Street  
Toronto, Ontario  
M2M 4H5

### *Phone :*

Toronto area	(416) 226-2700
Toll-free	1-800-668-0105

### *Fax :*

Toronto area	(416) 730-7807
Toll-free	1-800-949-8208

### *Internet :*

E-mail	<a href="mailto:member_inquiry@otpp.com">member_inquiry@otpp.com</a>
Web site	<a href="http://www.otpp.com">www.otpp.com</a>

The Ontario Teachers' Pension Plan Board is an independent organization which administers the benefits and invests the assets of the pension plan. The plan is co-sponsored by the Ontario government and the Ontario Teachers' Federation.

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## Introduction

*Many teachers expect to live long into retirement, supported by a lifetime pension. But what happens when you die? How does your death affect the benefits payable to your surviving spouse, children or estate?*

### RETIRED BEFORE 1990?

*If you retired before 1990, different rules apply for survivor benefits. Please call us for clarification.*

*If eligible, your spouse or children are entitled to survivor benefits to help them maintain financial security after you die. The type and amount of this benefit depends on your credit in the pension plan, who is eligible, and whether you die before or after retirement.*

*This brochure is divided into two sections—**Death Before Retirement** and **Death After Retirement**—to explain how entitlements for survivor benefits differ if you die before or after you start your pension.*

*There are choices for survivor benefits and deadlines that apply. Once you retire, you cannot revoke the choices you've made.*

*If you'd like more information about anything in this brochure, please contact us. A Pension Benefits Specialist will be happy to help you.*

## The Basics

Once you have at least two qualifying years, your spouse or children become entitled to a survivor pension when you die. This is true whether you are employed or retired at the time of your death.

If you've been a teacher for several years, survivor benefits have significant value and may be an important consideration in your financial planning activities. You should be aware that:

1. For your spouse to be eligible, you must be living together when your pension begins or at death (if this occurs before you retire).
2. If you die after retirement:
  - your eligible spouse will receive 60% of your pension unless you choose another option
  - you and your spouse can choose a survivor pension ranging from 50 to 75% of your pension
  - your pension will be reduced if you choose a survivor pension greater than 50%.

### IMPORTANT

*"When your pension begins" means the date you receive your first pension payment.*



3. Survivor benefits are paid out differently depending on whether you die before or after retirement.
4. Survivor pensions are always calculated on the basis of your pension after the CPP reduction, even if you die before age 65.

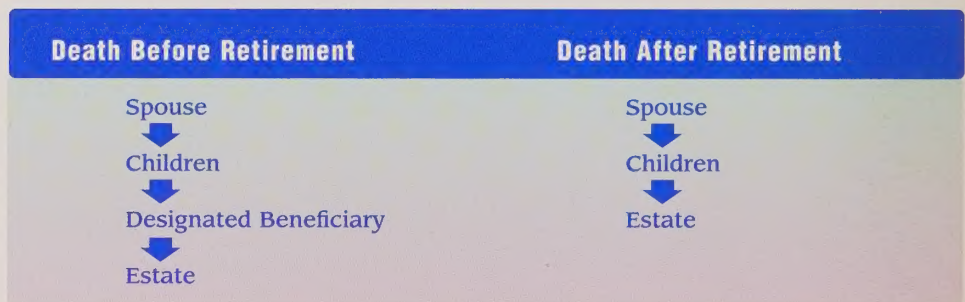
## What Are Survivor Benefits?

Survivor benefits are the payments eligible recipients receive after your death. They are indexed to inflation each year like regular pensions. The amount and method of payment depends on how long you've been a teacher, who is eligible for benefits, and whether you die before or after your pension begins.

## Who is Eligible?

Eligibility for survivor benefits is sequential: they are paid to spouses first, then children, and finally to your estate. In cases of death before retirement only, designated beneficiaries may also receive entitlements.

## Order of Eligible Recipients



### APPLY FOR BENEFITS

*Recipients must apply for survivor benefits and should notify us of a member's death.*

Eligible recipients can receive benefits at any age, and benefits are paid for as long as someone is eligible. For example, if a surviving spouse dies, the pension transfers to dependent children for as long as they remain eligible.

**COUPLES:** Survivor benefits are paid to your married or common-law spouse (including same-sex) if you are living together when your pension begins or when you die (if before retirement).

**SINGLE:** If you do not have a spouse, we will determine if you have a dependent child. If no one is eligible, any refunds and payments will go to your estate, unless you named a beneficiary. A designated beneficiary will receive benefits only in cases where death occurs before your pension begins and there is no eligible spouse (*see page 5*).





What will happen to the pension you've accumulated if you die before you begin to receive it? Here's one scenario.

## Example

*John, 54, died six months before his retirement from teaching. He had 33 years of credit and an average best-five years' salary of \$64,000.*

*John's wife, Margaret, aged 52 is eligible to receive a 50% survivor pension for John's credit before 1987 and either a lump-sum payment or pension payments equal to the commuted value of the pension John accumulated from 1987 until the date of his death.*

## PAYMENT OPTIONS

Your spouse can take the survivor benefit for credit from 1987 until your death as a:

- 1) lump-sum payment
- 2) immediate pension, or
- 3) deferred pension

<b>Credit before 1987</b>	<b>21 years</b>
<b>50% survivor pension</b>	<b>\$11,500 per year</b>

<b>Credit from 1987 to death</b>	<b>12 years</b>
<b>Commuted value</b>	<b>\$244,300</b>

Margaret's total survivor benefits include an indexed pension for life of \$11,500 per year plus a one-time payment of \$244,300.

Instead of taking \$244,300 in one payment, the commuted value may be paid in an annual pension of \$14,500. Margaret's combined annual pension would be \$26,000 (11,500 + \$14,500).

Survivor benefits for pre-retirement deaths vary depending on who is eligible. See the reference chart on page 6 to find out what children, beneficiaries and estates are eligible to receive.

## Eligible Recipients

### 1. YOUR SPOUSE

Your married or common-law spouse (including same-sex) is eligible if at the time of your death:

- ✓ you were legally married and living together, or
- ✓ you had been living together continuously for at least three years (or less if you are the parents of a child).

## MORE INFORMATION

See *Marital Status*, page 15.

The spouse you're living with when you die is eligible if you die before your pension begins. If you are not living with your spouse when you die, he or she will not be eligible for a survivor pension. This applies to married, common-law and same-sex spouses.

## 2. YOUR CHILDREN

If you do not have an eligible spouse when you die, your children will receive a 50% survivor pension if they depend on you for support at the time of your death and are:

- ✓ under 18, or
- ✓ between 18 and 25 and enrolled in full-time, continuous education, or
- ✓ disabled and financially dependent.

### MORE THAN ONE CHILD?

*The survivor pension is divided evenly if more than one child is eligible.*

### Example:

*Jane is a career teacher and a single parent of a 20-year-old son attending university full time. She is 55, with 30 years credit and average best-five years' salary of \$65,000. Jane is already eligible to retire with an unreduced 85-factor pension.*

Unreduced pension	\$ 39,000
CPP reduction at 65 (or death)	\$ 6,500
Pension after reduction	\$ 32,500
50% survivor pension	\$ 16,250

If Jane dies before retirement, her son would be entitled to a 50% survivor pension (one half of her pension after the CPP reduction) for as long as he remains eligible. If Jane's son were eligible until age 23, he would receive \$16,250 per year for three years. In addition, Jane's estate would receive:

Balance of commuted value after 1987	\$198,000
Unused contributions before 1987 plus interest	\$120,000

### BENEFIT WAIVER

*Only your spouse's signature is required.*

Prior to your death, your spouse can waive the right to part of the survivor benefit (for credit from 1987 until your death) by signing a benefit waiver. This part falls to the next eligible recipient.

If you do have an eligible spouse at the time of your death, eligible children will receive survivor benefits following the spouse's death.



### 3. DESIGNATED BENEFICIARY

You can designate any person or incorporated organization to be your beneficiary in the event of death before retirement—an aged parent, a child who no longer depends on you for support, or a charitable foundation for example.

#### HOW TO DESIGNATE

*Use an Information Update Form to let us know, or call us anytime.*

#### TIP!

*You can name your children as beneficiaries.*

A designated beneficiary receives a lump-sum payment equal to the commuted value of the pension you accumulated from 1987 until your death. A beneficiary is eligible only if you do not have an eligible spouse *and* death occurs before your retirement. Your contributions plus interest accumulated before 1987 will be refunded to your estate.

If a child is eligible for a survivor pension first, the amount of the child's survivor pension is deducted before payment is made to the beneficiary. If, in the example on the opposite page, Jane had named a beneficiary, the remaining commuted value (\$198,000) would go to her beneficiary instead of her estate.

### 4. ESTATE

If no one is eligible or designated, your estate will receive two payments:

- 1) a refund of your contributions before 1987 plus interest;
- 2) a lump-sum payment equal to the commuted value of the pension you accumulated from 1987 until your death.

If you have an eligible child when you die, we'll deduct the child's survivor pension first, and refund the remainder to your estate.

When survivor benefits are calculated, we also check to see if the 50% rule refund applies. If your contributions plus interest from 1987 until your death exceed one half of your commuted value for the same period, we will refund the difference to your estate.

## At A Glance

## Death Before Retirement

### CREDIT: 1987

*New legislation took effect in 1987 improving survivor benefits. However, it does not apply to credit before 1987.*

Survivor	Qualifying Years	Credit Before 1987	Credit From 1987 to Present
1. Spouse	More than 10 years	50% survivor pension for life, indexed to inflation, payable immediately	Payment of the commuted value of the member's pension either as: a) lump-sum, or b) immediate or deferred indexed pension
	Less than 10 years, but more than 2 years	Refund of member contributions plus interest to spouse	Same as above
2. Dependent Children	More than 10 years	50% survivor pension indexed to inflation to max. age 25 (for life if disabled and financially dependent)	50% survivor pension indexed to inflation to max. age 25 (for life if disabled and financially dependent) plus the balance of your commuted value to beneficiary or estate
	Less than 10 years, but more than 2 years	Refund of member contributions plus interest to estate	Same as above
3. Beneficiary	More than 2 years	Refund of member contributions plus interest to estate	Lump-sum payment of commuted value to beneficiary
4. Estate	More than 2 years	Refund of member contributions plus interest to estate	Lump-sum payment of commuted value to estate

*Note: If your contributions plus interest from 1987 until your death exceed one half of your commuted value for the same period, we will refund the difference to your estate.*



*If you have fewer than two qualifying years, please call us for clarification.*



If you die after retirement, survivor pensions are based on a percentage of your annual pension (i.e. 50, 60, 65, 70 or 75%). How does this differ from entitlements for death before retirement?

In the "Death Before Retirement" section we looked at John's case (page 3). He died before starting his pension, leaving his wife Margaret with an \$11,500 pension and a \$244,300 lump-sum payment.

However, if John had died shortly after he began receiving his pension, Margaret's survivor pension would be equal to 60% of John's pension after the CPP reduction. (Remember that John had 33 years of credit and an average best-five years' salary of \$64,000.)

## CPP REDUCTION

*Survivor pensions are always calculated on the basis of your pension after the CPP reduction, (even if you die before reaching 65).*

*CPP also provides a survivor pension.*

**Basic pension calculation**  $.02 \times 33 \times \$64,000$   
(2% x credit x average best 5 salary)

Unreduced pension	\$ 42,200
CPP reduction (at 65 or death)	- \$ 6,900
Pension after reduction	\$ 35,300

**60% survivor pension**  $\$35,300 \times 60\%$   
\$ 21,200

If John died after retirement, Margaret would receive an indexed survivor pension of \$21,200 per year.

**SINGLE:** If John were single with no dependent children, we would refund his unused contributions plus interest (the difference between his contributions and his pension income before death) to his estate.

## Eligible Recipients

The same eligibility rules apply; survivor pensions are paid to spouses first, then eligible children, and finally to your estate if any unused contributions exist.

### 1. YOUR SPOUSE

Your married or common-law spouse (includes same-sex) is eligible if, when your first pension payment is received:

- ✓ you are legally married and living together, or
- ✓ you have been living together continuously for at least three years (or less if you are the parents of a child).



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## MORE INFORMATION

*See Marital Status,  
page 15.*

The spouse you're living with when your pension starts is eligible for a survivor pension. If you marry after your pension begins or are living separate and apart from your spouse when your pension begins, your spouse will not be eligible for a survivor pension.

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## Customizing Survivor Pensions

When you die after retirement, your eligible spouse automatically receives 60% of your pension after the CPP reduction. Your pension is reduced slightly to provide the 60% survivor pension. This reduction is permanent, even if your spouse dies before you do.

There are options, however. You and your spouse can choose to decrease the survivor pension to 50% of your pension with no reduction to your pension, or increase it to 65, 70 or 75% with higher reductions to your pension.

### DEADLINES APPLY

*Changes to your survivor pension options must be completed within deadlines before you retire.*

#### OPTION 1

#### AUTOMATIC 60% SURVIVOR PENSION

- take a reduction to your pension and your spouse will receive 60% of your pension after the CPP reduction when you die

Unless you notify us before your pension begins, we will provide your spouse with a 60% survivor pension and reduce your pension slightly.

#### OPTION 2

#### 50% SURVIVOR PENSION

- take no reduction to your pension and your spouse will receive 50% of your pension after the CPP reduction when you die

You and your spouse can waive the 60% survivor pension, resulting in a 50% survivor pension with no reduction to your pension. You and your spouse must sign a *Spousal Waiver of Joint and Survivor Pension* and return it to us with your pension application or within the 12-month period before your pension begins.

Waivers filed more than a year before your pension begins are invalid. Waivers can be revoked if you and your spouse write to us before starting your pension.

### DEADLINE

*Apply within the 12-month period before your pension begins.*



**OPTION 3****INCREASED SURVIVOR PENSION****DEADLINE**

*Apply at least two years before your pension begins.*

- take a higher reduction to your pension and increase the survivor pension to 65, 70 or 75% of your pension after the CPP reduction

You will incur higher reductions if you choose this option. Once your pension begins, you cannot revoke a survivor pension increase. Reductions will continue **even if your spouse predeceases you.**

You must exercise this option at least two years before your first pension payment, or before you turn 63, whichever is earlier. To apply, send us a completed *Direction Form*. If you miss this deadline, you may still be eligible provided you pass a medical examination confirming that you remain in good health for your age.

You may want to request the 75% option early as a precaution. Then, if you become ill after the deadline, you won't have to take the medical exam. You can revoke the 75% option any time before your pension begins.

**SUMMARY OF SURVIVOR PENSION OPTIONS**

Options	What You Need To Do	Cost
Automatic 60% Survivor Pension	Nothing	Reduction depends on your age and your spouse's age. Usually about 2%
50% Survivor Pension	Sign a <i>Spousal Waiver</i> and return it within 12 months before your pension begins	No reduction to your pension
Increase Survivor Pension To 65, 70 or 75%	Sign a <i>Direction Form</i> at least two years before your pension begins, or by age 63	Reduction depends on the percentage you choose, your age and your spouse's age

**IMPORTANT**

*Reductions are permanent, even if your spouse predeceases you.*

*Note: If you die before your pension begins, options to increase or decrease survivor pensions are void (see page 11 for more details).*



## 50% FOR CHILDREN

*Children receive a 50% survivor pension unless you choose a higher option.*

## OPTION TO INCREASE




*You can send us a Direction Form to choose a higher survivor pension for a dependent child.*

## CONTACT US

*Call for clarification if you suspect someone other than your spouse or child may qualify as a survivor.*

## 2. YOUR CHILDREN

If you die after retirement with no eligible spouse, your children will receive a survivor pension if they are dependent on you at the time of your death and are:

-  under 18, or
-  between 18 and 25 and enrolled in full-time, continuous education, or
-  disabled and financially dependent.

If you have more than one dependent child, the survivor pension is divided evenly for as long as they remain eligible. Disabled children who are financially dependent receive survivor pensions for life indexed to inflation.

### WHAT DO DEPENDENT CHILDREN RECEIVE?

If you do not have an eligible spouse, dependent children receive a 50% survivor pension unless you choose a higher option. Your pension will be reduced to pay for the increase.

#### **Example 1:**

*John, a widower, died with a 23-year-old son in university. Because John did not increase the survivor pension, his son receives 50% of John's pension after the CPP reduction for as long as he remains eligible.*

If a surviving spouse dies leaving children eligible for a survivor pension, dependent children receive whatever the spouse received.

#### **Example 2:**

*Peter left his spouse Janet with a 70% survivor pension when he died. Janet dies when their son Stephen is 17 years old and the 70% pension transfers to Stephen for as long as he remains eligible.*

## 3. YOUR ESTATE

Your contributions to the pension plan are normally exhausted by the time you've been on pension for about seven years. Any unused contributions plus interest will be refunded to your estate if there are no eligible recipients.



## Rules to Remember

**OPTIONS FOR SURVIVOR PENSIONS:** Options to increase or decrease survivor pensions apply only when you die after your pension begins. If you should die before, the options are void and different rules apply (see page 3).

**CPP REDUCTIONS:** Survivor pensions are always calculated on the basis of your pension after the CPP reduction, even if you die before you reach 65. CPP provides survivor pensions that are roughly equivalent to the reduction.

**REVOKING INCREASES OR DECREASES:** You cannot revoke survivor pension increases or decreases after your pension begins, even if your spouse predeceases you. If you want to revoke your decision, we must receive written notice before your pension begins.

***Example:***

*Jack will retire in July 2001. More than two years before his retirement date, he filed a Direction Form to increase his wife's survivor pension to 75%. If Jack changes his mind, he can:*

- 1) write a letter before his retirement requesting us to revoke the increase and choose the 60% survivor pension, or*
- 2) write a letter before his retirement requesting us to revoke the increase, and forward a copy of the Spousal Waiver of Joint and Survivor Pension to choose the 50% survivor pension.*



People generally anticipate living well into retirement. In fact, the average life expectancy for teachers is more than 25 years on pension. How do you make the best possible decisions for whatever the future holds?

The information in this section may be helpful for financial planning purposes when the time comes to make a decision about your survivor pension options.

## FACTORS INFLUENCING DECISIONS

Just like a salary, survivor benefits are only one part of your larger financial picture. When thinking about the best option for you and your spouse, you may also want to consider the following:

- Do you have life insurance?
- Do you have RRSPs, investments, or other assets?
- Do you have a large mortgage?
- Do you have dependent children now? How long they will continue to be dependent?
- Will your spouse have a pension as well?
- Do you have any serious health risks?

By looking at all these factors, you can weigh the importance of the survivor pension and decide if you and your spouse want to increase or decrease it.

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## Individual Choice

The decision to increase, decrease or keep the 60% survivor pension is a matter of individual choice for you and your spouse. Here are a couple of examples analyzing some typical decisions.

### *Example 1:*

*Jack retires at 60 on a \$35,000 pension. His wife, aged 55, never contributed to a pension plan. Their decision is between keeping the 60% survivor pension or increasing it to as much as 75%.*

### **FACTORS:**

Jack's wife is five years younger than he is, will not have a pension of her own, and is in good health. The table on the next page compares his reductions for different survivor pension options and indicates the resulting survivor pension.

Survivor Option	50%	60%	75%
<i>Annual reduction</i>	0	\$ 594	\$ 1,488
<i>Jack will receive</i>	\$ 35,000	\$ 34,406	\$ 33,512
<b>After Jack Dies</b>			
<i>After CPP reduction</i>	\$ 29,400	\$ 28,806	\$ 27,912
<b>Resulting Survivor Pension</b>	<b>\$14,700</b>	<b>\$17,640</b>	<b>\$22,050</b>

**ATTENTION**

*If Jack's wife dies before he does, his reduction is permanent.*

**DECISION:**

Jack and his wife chose the 75% survivor pension because his wife is younger than he is and will rely solely on the survivor pension after he dies. Although Jack's annual reduction will be higher, his wife's survivor pension will be almost \$4,400 higher per year by choosing to provide the 75% survivor pension instead of the 60% survivor pension.

**Example 2:**

*Joan wants to retire at 55. She will not reach her 85 or 90 factor and will receive an estimated reduced pension of \$25,000. Her husband, also a teacher, retired last year on an unreduced pension. They are considering whether to keep the 60% survivor pension or decrease it to 50%.*

**FACTORS:**

The 60% survivor pension will cost Joan about \$250 per year. She took time off to raise children and would prefer not to have the additional reduction for the 60% option because she is younger than her husband, will receive a smaller pension, and will probably outlive him. Even if she dies first, her husband will not depend solely on the survivor pension.

**DECISION:**

Joan and her husband chose the 50% survivor pension, avoiding the reduction for the 60% option. She maximizes her pension income without jeopardizing her husband's financial security if she should predecease him.



## Pension Reductions

Will the survivor pension reduction be minimal or significant? The reduction is based on the option you choose, your age and your spouse's age.

### Example 1:

Linda retires at 55 with a \$42,000 pension. To provide her 60-year-old husband with a 60% survivor pension, Linda's reduction will be \$320 per year (0.9% of her pension after the CPP reduction).

Member's age at retirement: 55

Spouse's age	Survivor Pension Option	60%	70%	75%
	45	\$700	\$1,400	\$1,760
	50	560	1,120	1,440
	55	460	880	1,090
	60	320	630	810
	65	210	460	560
	70	140	280	390

### REMINDER

Reductions continue even if your spouse predeceases you.

### Example 2:

George retires at 60 with a \$39,000 pension. To provide his 50-year-old wife with a 75% survivor pension, George's reduction will be \$2,050 per year (6.3% of his pension after the CPP reduction).

Member's age at retirement: 60

Spouse's age	Survivor Pension Option	60%	70%	75%
	45	\$980	\$1,950	\$2,470
	50	810	1,630	2,050
	55	650	1,300	1,630
	60	490	1,010	1,240
	65	360	720	880
	70	230	490	590

## Marital Status

Your marital status is critical to determining your spouse's eligibility for a survivor pension. If you die before starting your pension, we look at your marital status on the date of your death. If you die after, we look at your marital status on the date of your first pension payment.

**COUPLES:** The basic rule for spousal eligibility is that you must be living together when you begin receiving your pension. Entering into marriage or common-law relationships after your pension has begun does not automatically entitle your new spouse to a survivor pension.

### *Example 1:*

*Peter divorced 15 years ago, and plans to marry his fiancée, Joanne, shortly after he retires next June. Peter and Joanne are living separately until after they marry. If they are married and living together by the time Peter receives his first pension payment, Joanne will be automatically eligible for a survivor pension. If not, Peter will have to purchase a new survivor pension.*

### *Example 2:*

*Julia retired at 55 and divorced her husband, Reg, three years later. She subsequently married her second husband, Michael. When Julia dies, Reg (the spouse Julia was living with when her pension began) will receive the survivor pension, not Michael.*

**SINGLE:** If you are single or separated when your pension begins, there will not be an eligible spouse unless you purchase a survivor pension for a spouse later.

## Guidelines

### SEPARATION

- ☛ If you have a spouse but are living apart when your pension begins, your spouse is not eligible.

### DIVORCE

- ☛ If you divorce before retirement, your spouse is not eligible.
- ☛ If you divorce after retirement, your spouse remains eligible, even if you remarry.



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## MARRIAGE OR COMMON-LAW RELATIONSHIPS AFTER RETIREMENT

If you enter into a marriage or common-law relationship after your pension begins, your new spouse is not automatically entitled to a survivor pension. You can designate a new spouse, but you will receive a significantly larger reduction to your pension to provide a new survivor pension. If all eligibility criteria are met, the designation is effective six months after you apply.

### HOW TO DESIGNATE

*You can apply for a new survivor pension using a Direction Form.*

The following rules apply:

- If you are living with your first spouse when your pension starts and you later separate and establish a new spousal relationship, you cannot provide a survivor pension for your new spouse unless your original spouse is deceased.
- If you have a dependent or disabled child who is the eligible survivor, your new spouse cannot “bump” a child from primary eligibility for benefits.
- If a child is the eligible recipient, you can apply to designate your new spouse for the survivor pension after the child ceases to be eligible.
- To provide your new spouse with a survivor pension, you must apply within 90 days of your marriage (or Statutory Declaration of common-law marriage) or the date your children cease to be eligible, whichever is later. If you miss the 90-day deadline, you may still be eligible provided you pass a medical examination confirming that you remain in good health for your age.
- Applications are void if you die within the six-month period before the direction takes effect.



*The rules for divorce and remarriage are complex. Contact us for clarification, particularly if you ceased employment before 1990.*

## SAME-SEX SPOUSES

Same-sex spouses are now entitled to survivor benefits under the same rules that apply to common-law spouses.

## Frequently Asked Questions

### 1. *Why is my pension reduced to provide a survivor pension greater than 50%?*

According to the *Pension Benefits Act*, eligible spouses are entitled to 60% survivor pensions. Your teachers' pension includes a free 50% survivor pension. To offset the difference, it is necessary to make a reduction to your pension based on your age and your spouse's age.

### 2. *If no one is eligible to receive survivor benefits from my pension, will my estate get something instead?*

If you die after retirement, we will refund any unused contributions plus interest to your estate. However, contributions are exhausted once you've been on pension for about seven years. If you die before retirement with no eligible recipients, your contributions plus interest before 1987 are refunded together with a lump-sum payment for the commuted value of the pension you accumulated from 1987 until your death.

### 3. *I want my spouse to receive 75% of my pension after I die. If I die before I retire, what will she receive?*

Options to increase or decrease survivor pensions do not come into effect until your pension begins. If you die before retirement, your spouse will receive a survivor pension equal to 50% of the pension you accumulated before 1987, and a lump-sum payment equal to the commuted value of the pension you accumulated from 1987 until your death (see example on page 3).

### 4. *My spouse and I have chosen the 75% survivor pension. If she predeceases me after I begin my pension, will the reductions for the 75% option continue?*

Yes. **Reductions for survivor pensions greater than 50% are permanent**, even if your spouse dies before you do.

For example, Gordon has lost his first and second wives to illness since he retired. He chose the 75% survivor pension for each spouse. His pension is permanently reduced by about 5% for his first wife to pay for the survivor pension above 50%. It is further reduced by about 13% for his second wife (whom he



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married after retirement) to pay for the new survivor pension. His pension is permanently reduced by a total of 18%.

5. *Will my spouse lose her survivor pension if she has income such as a salary, an inheritance or another pension?*

No. Survivor pensions for spouses are provided for life and are not based on income.

6. *If I remarry after I go on pension, will my new spouse get a survivor pension?*

Not automatically. If a former spouse is eligible, you cannot designate a new spouse for a survivor pension. If you do not have an eligible former spouse, you can apply for a new survivor pension and your pension will be reduced to pay for it (see details on page 16).

7. *I'm a single parent. My daughter is 21 and plans to attend university in a couple of years. If I should die before my retirement, can she defer a survivor pension until she enrolls in university and becomes a student?*

There are no deferred survivor pension options for dependent children. A child must be eligible at the time of your death in order to collect a survivor pension. However, you could list your daughter as a "designated beneficiary". Then if you die before retirement, she would receive the commuted value of the pension you accumulated from 1987 until your death. Contributions prior to 1987 plus interest go to your estate.

8. *Can I arrange through my will to have a dependent child's survivor pension go into a trust fund?*

No. We are legally obligated to pay survivors directly. If the child is older than 18, the survivor pension will flow directly to him or her. We deposit payments for minors with the Accountant of the Ontario Court (General Division) until they reach the age of 18, unless someone has become the child's legal guardian.

## Questions For Special Cases

1. *What if my spouse is living in a hospital or nursing home when my pension begins? Although we are not legally separated, will my spouse be ineligible because we are not living at the same address?*

As a rule, you must be living together when you receive your first pension payment in order for your spouse to be eligible. However, in some special circumstances, if you have lived together continuously for several years and there is no intention to end the relationship, we would consider on a case-by-case basis whether the spouse is eligible. Please call us for clarification.

2. *I'm an unmarried 62-year-old who has a disabled son. Before my pension begins, can I increase my son's lifetime survivor pension to 75% of my pension?*

Yes, you can increase the survivor pension for a dependent child. (Remember that a child is not eligible if there is an eligible spouse.) Your request must be made using a *Direction Form* at least two years before starting your pension. Your pension reduction will be based on your age and your child's age. If you happen to die before retirement, increases are not applicable and separate provisions apply (see chart page 6).

3. *What happens if my spouse takes a deferred survivor pension and dies before receiving it?*

If you die before retirement, your spouse can defer payment of the survivor pension based on your credit from 1987 until death. If your spouse dies before receiving the deferred survivor pension, we refund this part of the survivor pension (plus interest) to your spouse's estate.

If your spouse dies shortly after beginning to receive the survivor pension, your spouse's estate receives the difference between your contributions after 1987 (plus interest) and the total survivor pension paid before death.



## Before You Retire

As a reminder, below is a list of the changes you can make to survivor pensions before you retire, and the deadlines that apply.

Deadline	Change
Within 12 months before pension begins	Decrease the 60% survivor pension to 50%
At least 2 years before pension begins	Increase the 60% survivor pension to a maximum of 75%
At any time before pension begins	Designate a beneficiary for benefits if you die before retirement
At any time before pension begins	Revoke increases or decreases; revert to 60% or change to a different option



**COMMON-LAW SPOUSE**

Common-law spouses are eligible if you have lived together continuously for at least three years (or less if you are the parents of a child) when your pension begins or when you die, if this occurs before retirement.

**COMMUTED VALUE**

The commuted value is the lump sum you would need today to replace your future pension. It is based on current interest and inflation rates.

**CPP REDUCTION**

When you turn 65 (or earlier if you take a CPP disability pension), your teachers' pension will be reduced by an amount slightly less than the unreduced pension you will receive from CPP.

**CREDIT**

A measure of the time you've been teaching and contributing to the pension plan. It is used to determine the amount of your pension.

**DEATH AFTER RETIREMENT**

Death after the date of your first pension payment.

**DEATH BEFORE RETIREMENT**

Death before the date of your first pension payment.

**DEFERRED SURVIVOR PENSION**

Spouses who are eligible for an immediate survivor pension can defer it and begin receiving it in the future.

**DESIGNATED BENEFICIARY**

Any person or incorporated organization you designate to receive survivor benefits in the event that you do not have an eligible spouse and you die before receiving your first pension payment.

**PENSION BENEFITS ACT**

A pension standards legislation for Ontario with which the Teachers' pension plan must comply.

**QUALIFYING YEARS**

A measure of the length of your teaching career. Once you have two qualifying years, your eligible spouse and dependent children become entitled to survivor benefits when you die.

**SAME-SEX SPOUSE**

Same-sex spouses are eligible for survivor benefits under the same rules that apply to common-law spouses.

**SURVIVOR BENEFITS**

Your spouse, dependent children, beneficiary or estate are entitled to survivor benefits. The type and amount of benefits depend on your credit, the type of survivor and whether you die before or after going on pension.

**TEACHERS' PENSION ACT**

The Ontario legislation governing the pension plan for teachers.

**UNREDUCED PENSION**

You qualify for an unreduced pension at the 85 or 90 factor (depending on when you cease employment), age 65, or when you have 35 years of credit.

**UNUSED CONTRIBUTIONS**

This is the difference between your total contributions to the pension plan (plus interest) and the total pension paid to you after retirement (plus interest). Contributions are normally exhausted after you've been on pension for about seven years.

**VESTED**

When your benefits are vested, you are entitled to a pension.

**50% RULE REFUND**

This rule applies when survivor benefits are calculated for pre-retirement deaths. If your contributions from 1987 until your death exceed one half of your commuted value for the same period, we will refund the difference to your estate.



## ***Your Teachers' Pension Plan***

- ✓ **The largest single invested pension plan in Canada**
- ✓ **One of the nation's top financial institutions**
- ✓ **Co-sponsored by the Ontario government and the Ontario Teachers' Federation**
- ✓ **150,000 elementary and secondary school teachers and more than 75,000 retired teachers and their survivors**
- ✓ **Assets exceed \$68 billion, pension payments of more than \$2 billion per year**
- ✓ **Invested in stocks, bonds and real estate in Canada and around the world**
- ✓ **More than 13% average rate of return over 10 years**